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Message Text

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66
ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 PA-04 PRS-01 USIA-15 TRSE-00

COME-00 STR-08 OMB-01 CIEP-03 CEA-02 SS-20 NSC-07

CIAE-00 INR-11 NSAE-00 RSC-01 SP-03 DRC-01 /114 W
---------- 113056
R 301813Z AUG 74
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4757
INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L BONN 13836

E.O. 11652: GDS
TAGS: EFIN, ETRD, UR, GW
SUBJECT: FRG CREDIT POLICY TOWARD EASTERN EUROPE
UNDER REVIEW

1. IN PREPARATION FOR HIS VISIT TO MOSCOW, CHANCELLOR SCHMIDT CONDUCTED A HIGH LEVEL MEETING IN HAMBURG EARLIER THIS WEEK WITH FINANCE MINISTER APEL, AID MINISTER BAHR, BUNDESBANK VICE-PRESIDENT KLASEN AND KRUPP BOARD CHAIRMANMOMMSEN. PRESS REPORTS FOCUSSED ON THE POSSIBILITY THAT THE FRG MAY BE PREPARING TO EASE ITS HARD LINE POLICY AGAINST PROVIDING SUBSIDIZED CREDITS TO EASTERN EUROPEAN COUNTRIES. THE GOVERNMENT HAS THUS FAR DECLINED TO COMMENT ON THE RESULTS OF THE MEETING.

2. ACCORDING TO AN ECONOMICS MINISTRY SOURCE, ECONOMICS MINISTER FRIDERICHS WOULD HAVE TAKEN PART IN THE MEETING HAD HE NOT BEEN IN LATIN AMERICA. BRIEFING PAPERS HAD BEEN PREPARED IN THE MINISTRY AND FORWARDED TO SCHMIDT FOR THE MEETING.

3. OUR SOURCE COMMENTED THAT WHILE HE HAD YET TO RECEIVE A BRIEFING ON WHAT TRANSPIRED HE WAS FAIRLY CERTAIN THE QUESTION OF A LOW INTEREST CREDIT TO THE
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SOVIET UNION WAS DISCUSSED. HE HINTED THAT THERE MAY

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BE SOME CHANGE IN THE PREVIOUS HARD LINE FRG ATTITUDE ON THIS QUESTION FOR THE FOLLOWING REASON. AT PRESENT THE SEVEN MONTH FRG TRADE SURPLUS WITH THE SOVIET UNION IS DM 404 MILLION. THIS COMPARES WITH A DM 703 MILLION SURPLUS FOR THE SAME PERIOD IN 1973. THE FRG EXPECTS THEIR SURPLUS WITH THE SOVIETS TO BE, AT MOST, A COUPLE OF MILLION DM BY THE END OF THE YEAR. ON THIS GROUND THERE WOULD BE ECONOMIC PRESSURE TO GRANT THE SOVIETS CREDIT TO ASSIST FRG EXPORTERS.
CASH

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